BAPTISTS TOGETHER

PENSIONWATCH

APRIL 2015

BAPTIST PENSION SCHEME NEWSLETTER - FOR CHURCHES AND OTHER EMPLOYERS

Welcome to PENSIONWATCH

I am delighted to present this newsletter on behalf of the Trustee of the Baptist Pension Scheme and the Baptist Union of Great Britain.

This newsletter has been designed to provide all the churches and other employers involved in the Baptist Pension Scheme with information on the DC and DB plans within the scheme, as well as any pensions news that we feel is relevant and useful to you. The Trustee of the Scheme and BUGB are keen to keep all churches and other employers involved with the Scheme well informed.

Running a pension scheme continues to present significant challenges particularly in the current financial climate. Pensions continue to be expensive to provide, with uncertain costs.

The support of the churches and other employers is vital to the long term health of the Scheme, and consequently vital to the security of the pensions that former staff and Ministers will rely on into their old age. We thank you all for that support.

There are a number of important developments for us to report this year.

The Trustee and the Baptist Union of Great Britain have recently agreed the results of the formal actuarial valuation of the DB Plan as at 31 December 2013. It has taken longer than expected to finalise the position and hence to produce this newsletter, due to uncertainties created by Government changes to some pension regulations. Prior to those changes and despite some unpleasant fluctuations over the 3 years since the previous formal valuation, the Scheme's financial position at the end of 2013 was broadly in line with the recovery plan agreed following the 2010 valuation. Unfortunately, these changes in regulations affect Supplementary Benefits (as explained on page 6 below) and have generated additional liabilities for the DB Plan. As a result, the valuation showed a funding deficit of £84m. In order to meet the increased deficit, the Trustee and BUGB have agreed that the standard rate of deficiency contributions from churches and other employers involved in the DB Plan will increase from 11% of Pensionable Income / Minimum Pensionable Income to be based on a 12% rate from 1 January 2016. However, some churches and other employers that were only involved in the DB Plan for a short period will have their contributions based on a rate less than 12%. You can find more details on page 12 of how deficiency contributions payable from 1 January 2016 will be calculated.

We have undertaken a substantial exercise this year to collect financial information from the churches and other employers who support the Scheme. We would like to thank all of the organisations that have responded, together with Malcolm Broad, BUGB's Honorary Treasurer, for the considerable amount of work he has carried out in collating the results.

The day-to-day administration of the DB Plan has been outsourced to LCP, the firm that also advises the Trustee on investment and actuarial issues. LCP are taking over from Stuart Glen and Hilary Mason in the Baptist Pensions Office, and I would like to take this opportunity to thank Stuart and Hilary for their dedication and hard work over many years. LCP have been dealing with member queries since 1st October 2014 and are now the first point of contact for churches and other employers in relation to the Scheme.

For the DB Plan, the Trustee has taken further steps to reduce the risk within the Scheme's investment strategy. You can find more details of this on page 9.

This is the second annual newsletter we have produced, and we hope that you find it helpful and interesting. Thank you to those of you who took the time to offer feedback on last year's newsletter. If you have any comments or ideas for future content then please get in touch. The relevant contact details are on page 16.

Robert Ashurst

Robert Ashurst
Moderator of the Trustee
of the Scheme

ACTION POINTS

This newsletter not only provides you with information, it also helps you to keep up to date with the actions that you should be taking as an employer to ensure you are fulfilling your role properly. Set out below is a summary of actions that you should be looking to take over the coming months on a number of different pension related issues.

- Contact LCP by the end of June 2015 if you think you will need to include a pensions liability on your balance sheet under FRS102.
- Provide LCP with an email address for correspondence.
- If you have not already done so, please sign and return the Declaration of Pensionable Income to the Pensions Office without further delay. In future years we plan to collect this electronically.
- Establish from the Pensions Regulator's website the latest date by which you need to meet the auto-enrolment requirements and start to plan accordingly.
- If a member of the Ministers or Staff Sections of the DC Plan in your service is off sick for four weeks, notify LCP immediately.
- If your minister or another member of staff leaves, retires or dies and you don't have any other staff members contributing to the DC Plan, contact LCP immediately.
- If you are considering changing the legal structure of your church or organisation, consider the potential risk of a cessation event at an early stage in your planning.

More information on many of these action points is supplied in the following pages, and LCP's contact details are on page 16.

PENSION NEWS

Auto-enrolment

As we outlined in last year's newsletter, all employers will soon need to provide a pension for all their employees (except those on very low levels of pay, or outside certain age bands) through automatically enrolling them into a pension scheme. This requirement applies to many larger employers already. The scheme that is provided for employees must meet certain minimum requirements, mainly regarding the level of contributions that are paid by both the employee and the employer.

If you have not done so already, it is essential that you go through the requirements involved in automatically enrolling your minister and any employees and these can be found at the following website:

www.thepensionsregulator.gov.uk/automatic-enrolment

You also need to know the date from which you are legally required to enrol your employees automatically into a pension scheme, and information on this can be found at www.thepensionsregulator.gov.uk/employers/what-is-my-stagingdate.

For most churches and other employers in the Baptist family, this date will not be before 1 June 2015, but you will need to be prepared in advance, and you can of course choose to offer your employees pension scheme membership before your deadline for automatic enrolment.

BUGB remains committed to helping churches cope with the challenge posed by automatic enrolment, and further information is available on the Baptist Pensions website. For any of your employees who are not currently members of the DC Plan, the Basic Section is designed to more than meet the current minimum automatic enrolment requirements, offering pension saving at lower contribution levels for both members and employers than the other sections of the DC Plan.

New UK accounting standards

As we mentioned in last year's newsletter, a new accounting standard called FRS102 and an updated version of the Charities SORP (statement of recognised practice) will apply from 2015.

We expect that very few churches and employers that support the Scheme will be required to account under FRS102 but some may choose to in any case. Importantly, those that do will need to disclose pension liabilities in their accounts for the first time. To help you decide which accounting standard is appropriate for your organisation, please refer to the following website:

http://www.charitysorp.org/choosing-the-right-sorp/

If you think that you will adopt FRS102 and be required to disclose pension figures then please note that the necessary information can only be obtained from LCP and will not be available from any other source. Accordingly, please contact LCP by the end of June 2015 – we wish to gauge the number of employers who might need the relevant figures.

PENSION NEWS

2014 Budget

Pensions have been in the news a great deal in recent months, with increased flexibility available to individuals in general in how they draw their pension money from April 2015. This could involve people choosing to take their pension as a single lump sum. There has also been news about the abolition of a 55% tax charge on certain pension pots on death.

Most of the increased flexibility will apply to defined contribution pensions, so is more directly relevant to the DC Plan than the DB Plan.

These are fundamental changes to pensions legislation, which give people plenty of options, although not all of the new options will be available automatically within the Baptist Pension Scheme. The Trustee of the Scheme is considering carefully the extent to which members will be able to use the new flexibilities when they take their money from the Scheme following these changes, and we will communicate with members shortly to help them plan for the future.

One of the biggest changes is the removal of the requirement for members of defined contribution schemes to use part of their pension pot to buy an annuity. This has implications for the investment options in the DC Plan, which the Trustee is also considering carefully.

Pension liberation

Some companies are singling out pension savers and claiming that they can help them cash in their pension early. Pension loans or cash incentives are being used, alongside misleading information, to entice savers. This activity is known as “pension liberation fraud”.

Unfortunately, the recent changes to pensions outlined in the section above, and the resulting news coverage, could lead to a further increase in pension liberation fraud.

Thousands of individuals have been targeted with cold calls and other aggressive sales tactics. Typically those individuals, who have been seeking early access to their pension savings, have instead ended up losing much of their savings in substantial commission payments and exceptionally large tax charges, due as a result of the payments being unauthorised.

Accordingly, employees approached by anyone suggesting that they can access their pension savings early should ignore them or seek financial advice from a reputable adviser.

If you would like more information on pension liberation fraud, the Pension’s Regulator’s website, www.thepensionsregulator.gov.uk, has some useful documents that set out the dangers involved.

PENSION NEWS

Changes to “Supplementary Benefits”

As mentioned on page 2, the Government has recently made a technical change in pensions regulations which has required us to review one particular aspect of the Scheme’s operation. The effect is to change the treatment of a part of certain DB Plan members’ benefits.

Prior to 1 January 2012, both member and employer contributions on earnings above minimum pensionable income purchased “Supplementary Benefits”. Transfer in and additional voluntary contributions (AVCs) also purchased Supplementary benefits, but the changes described below do not apply to those purchased by AVCs.

Before April 2006, these Supplementary Benefits were granted in the form of an additional pension at retirement. For contributions paid after that date, Supplementary Benefits took the form of lump sums on retirement rather than pensions. In both these cases, the amount of Supplementary Benefit granted for each £1 of contributions paid was calculated by reference to the member’s age and a table of factors.

The change in statutory treatment noted above means that Supplementary Benefit pensions that were granted from contributions (other than AVCs) made between April 1997 and April 2006 may in future need to be increased each year once in payment. Moreover, it may be necessary to allow for increases from the date of an affected member’s retirement up to now.

This change in the law affects the Scheme in spite of the fact that the terms on which these pensions were originally granted allowed only for occasional bonuses at the Trustee’s discretion, rather than for guaranteed increases every year. The application of this requirement raises some difficult legal questions and we are taking expert advice on these. Even when those are resolved, working out the adjustments to the benefits of individual members affected by these changes will take some considerable time, as it is a complex process.

Whilst this is good news for the affected members, the effect of this change in statutory regulations is to increase the Scheme’s liabilities.

DC (DEFINED CONTRIBUTION) PLAN

The DC Plan within the Baptist Pension Scheme provides defined contribution pensions for service from 1 January 2012. It is divided into the Ministers section, the Staff section and the Basic section (which came into operation from 1 January 2013).

The DC Plan has been running successfully for over three years now and we currently have around 1,200 contributing members, including 40 in the Basic section.

The importance of saving for retirement has never been greater. As described on page 4, the Government are emphasising this with the requirement for all employers to automatically enrol their employees into a pension scheme that meets certain quality requirements. The DC Plan meets these requirements.

As you may remember, by default employers contribute a total of 10% of Pensionable Income for each DC Plan member (other than those in the Basic section). From this, 6% of Pensionable Income is credited to the member's Pension Account, along with their own contributions of 8% of Pensionable Income. The remaining part of the employer contribution (4% of Pensionable Income) is used to insure the lump sum benefit payable on death, to pay for the Income Protection Policy and to cover administration costs.

Please note that the Trustee and BUGB are currently reviewing some aspects of the design of the DC Plan in the light of the Government's radical changes to pension provision, and this may lead to revisions to the contribution arrangements from the start of 2016.

As sponsoring employers of the Scheme it is important that you have read and fully understand the Employer Information sheet, available on the Pensions website. In particular please note the following:

- Contributions are collected by direct debit and it is essential that you ensure there are sufficient funds available in the account for deduction each month, otherwise this will lead to a delay in the contributions being invested and a potential loss to the member.
- If any employers have been asked to provide direct debit details and have not done so, please could you do so as soon as possible.
- For income protection claims, under the Ministers' section or the Staff section, if your minister or staff member is away from work on sick leave for four weeks continuously, please let LCP know, and keep them informed if the sick leave continues beyond four weeks. This is a requirement of the insurance company that is providing the Income Protection cover. Failure to inform them about such absence could delay the payment of benefits if a claim needs to be made after 26 weeks of absence.
- To allow us to calculate the level of pension contributions payable in 2015, we asked employers to ensure that the Declaration Of Pensionable Income issued directly to members was completed, signed on behalf of the employer and returned to us by 30 November 2014. Many thanks to those who have already returned their Declarations. Please would you ensure that any remaining Declarations are provided without further delay.
- Next year the intention is to collect the information electronically. If you have not done so already, please could you supply a valid email address that can be used for correspondence with the church / employer.

DB (DEFINED BENEFIT) PLAN

This section of the newsletter is only relevant to churches or other employers that had members contributing to the Baptist Ministers' Pension Fund at any time between 1 September 2005 and 31 December 2011.

The DB Plan is the part of the Baptist Pension Scheme that was formerly known as the Baptist Ministers' Pension Fund. It provides the defined benefits built up within the Ministers' Fund for service up to 31 December 2011. As of 31 December 2013 there were 1,002 DB Plan members contributing to the DC Plan, but the DB Plan also included 494 deferred pensioners (members who have stopped contributing to the Scheme, but aren't yet drawing their benefits) and 933 retired members, spouses and children receiving payments from the Plan.

A very unusual feature of the DB Plan is that it has more than 1,400 "participating employers", as each church or other employer that had a member in the old Ministers' Pension Fund at any time between 1 September 2005 and 31 December 2011, and remains liable to the Scheme, is included in that count.

Under UK pensions law, responsibility for financing the DB Plan rests with the participating employers. This is a significant responsibility, as funding the Scheme remains challenging, and is likely to remain so for some time. This responsibility arises under law and is not something over which the Pension Trustee and BUGB have any control.

BUGB is designated as the "principal employer" under the Scheme, which means that it acts on behalf of all the participating employers on issues where the Pension Trustee is required to consult with the employers, as it would clearly be impracticable to consult with all the individual churches and other organisations involved. Being principal employer does not mean that BUGB is underwriting the DB Plan's overall financial position on its own, and indeed it does not have the resources to do so.

The financial position of the DB Plan is therefore of great importance to all the participating employers and more information on this is set out in the following sections.

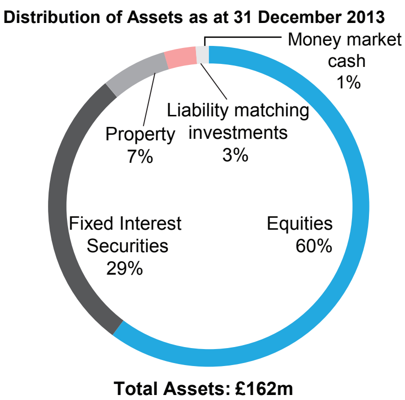
INVESTMENT UPDATE

One of the most important and interesting jobs that we do as Trustee of the Scheme is to decide how to invest the DB Plan's assets.

Before deciding how to invest, the law requires us to take advice from qualified investment consultants. The law also requires us to delegate day to day investment decisions to fund managers who are authorised by regulatory authorities. This is designed to ensure that we are guided by experts when taking decisions about the investments.

Although the DB Plan is now closed to new members and existing members no longer build up any additional pensionable service, payments from the DB Plan to its members will continue to be made over a very long timeframe, and therefore the long-term investment returns we can achieve will have a very important impact on the finances of the DB Plan. If the assets do not get the returns that we plan for, then we will need to agree with BUGB what increased contributions are needed from the churches and other employers. When we consider the level of risk to take in our investment strategy, we need to take account of the churches' and other employers' ability to make additional contributions in future if needed.

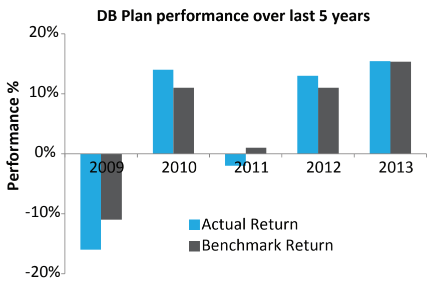
We invest part of the DB Plan assets in bonds, which can be used to provide a broad match to the pension payments from the DB Plan, and are therefore a relatively low risk investment. However, the returns are expected to be lower than from many other investments. Equities and other similar "return seeking" assets are expected to produce good investment returns over the long term, but investing in these is more risky than investing in bonds, as equity returns do not match the pension payments from the Scheme. The Trustee also has an ethical investment policy, agreed with BUGB, in place. Choosing the right investment strategy is therefore a difficult balance, and one which we closely monitor. The DB Plan's asset allocation as at 31 December 2013 can be seen in the chart below.



We continue to keep a close eye on developments in investment markets and we keep our investment strategy under regular review. Our overall goal is to maximise returns over the long-term, while managing both the shorter-term and longer-term investment risks.

An example of the steps we have taken to achieve this is the recent appointment (over 2014) of investment managers specialising in lower volatility approaches to managing the return-seeking assets.

We compare the returns achieved on the assets in which we invest against a "benchmark", or target level of return. I am pleased to tell you that over the year to 31 December 2013 the overall return on our assets was 15%, slightly exceeding the average of the managers' targets. However, one year is a short time in the life of the DB Plan and we attach greater significance to returns over periods of three to five years. The chart below shows the performance of the DB Plan over the last five years.



Despite the strong investment returns in three of the past five years, the DB Plan's deficit has increased, as the cost of providing pensions has increased by even more than the investment returns. The reasons for this are explained on the next page.

ACTUARIAL VALUATION

At least once every three years, we must make a full assessment of the financial position of the DB Plan to check what needs to be done so that it is able to pay all benefits when they are due.

This assessment, which is called an actuarial valuation, helps the Pension Trustee and BUGB agree the level of deficit contributions that churches and other employers will pay over the following three year period to meet any shortfall in the DB Plan's finances.

Our latest full actuarial valuation had an effective date of 31 December 2013, and the results of this valuation have recently been agreed by the Trustee and BUGB.

As well as the full actuarial valuation, we are also required to obtain annual "snapshots" in between valuation years. In addition, we are now able to track the progress of the DB Plan's financial position on an approximate basis day by day.

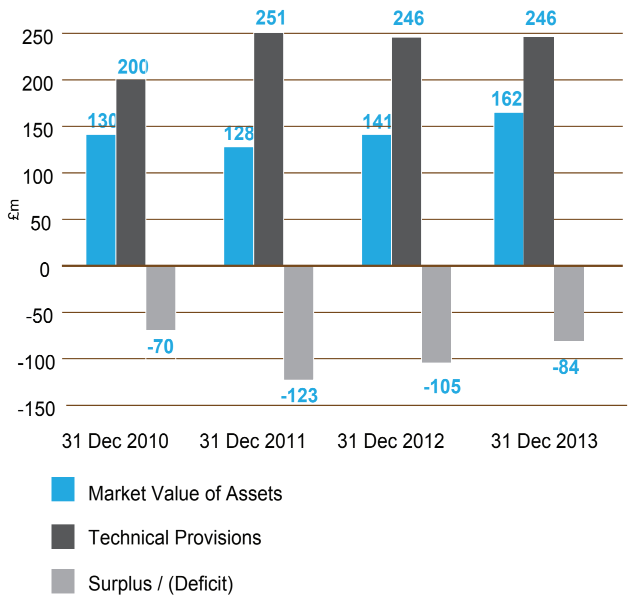
Results of the most recent actuarial valuations

The full actuarial valuation at 31 December 2013 showed a deficit in the Scheme of £84m. The Scheme Actuary has provided us with annual "snapshots" over the last few years and the results of these can be seen in the chart opposite.

The position improved over 2013 mainly due to higher than anticipated investment returns achieved on the Scheme's assets over the year, and the contributions paid towards reducing the deficit. These factors were offset to an extent by the changes to certain Supplementary Benefits, as described on page 6.

The Trustee realises that the funding position of the DB Plan will fluctuate over time as financial and investment market conditions change.

Although the position has fluctuated considerably over the three year period shown in the chart below, had it not been for the impact of the changes to Supplementary Benefits, the plan put in place to address the deficit would have been broadly on track.



Level of deficit contributions

Following the 2010 actuarial valuation, it was agreed that employers would pay deficit contributions of 11% of Pensionable Income / Minimum Pensionable Income. It was projected that, if the actuarial assumptions were fulfilled in practice, these deficit contributions would be payable until the end of 2034. Preliminary results from the 2013 valuation suggested that it should be possible to maintain both the 11% contribution level and broadly the same projected end date for their payment.

However, the additional liabilities arising in respect of Supplementary Benefits increased the DB Plan's deficit under the 2013 actuarial valuation. In view of this, the Trustee and BUGB have agreed that standard deficit contributions from churches and other employers will increase from 11% of Pensionable Income / Minimum Pensionable Income to be based on a 12% rate from 1 January 2016. The projected end date for these contributions has only changed marginally to 30 June 2035. Contributions for 2015 remain at 11% to give employers time to budget for the increase.

Please note that the current review of the DC Plan, as referred to on page 7, may change the way that the Scheme's administrative costs are divided between the DB and DC Plans. This could have an impact on deficit contributions.

This increase in deficit contributions is clearly unwelcome, but if we had been undertaking the actuarial valuation a year later, the outcome would have been significantly worse. In common with many other UK pension schemes, further adverse movements in long-term interest rates during 2014 increased the value of the DB Plan's liabilities over the year by much more than the increase in the value of the assets. As a result, the deficit had increased to approximately £115 million by the end of the year. In order to meet such a deficit by 30 June 2035 (the current target for the end of deficit contributions), it would have been necessary to increase the standard rate of deficit contributions to 15% of Pensionable Income / Minimum Pensionable Income.

We do not regard it as appropriate or feasible to make such an increase in deficit contributions at this stage, and hope that by the date of the next formal actuarial valuation (31 December 2016) financial market conditions will have moved favourably. However, if they do not, it will be necessary to consider a further increase in deficit contributions and / or an extension of the period for which those contributions are due to be paid.

Please see the next page for important information about how deficiency contributions payable from 1 January 2016 will be calculated.

Reduced rates for some

We recognise that deficit contributions are a significant burden, and that some employers have felt that their contributions have been disproportionately large. At the time of the 2010 valuation, the Trustee did not have sufficient information on the liabilities of individual employers to do anything other than charge the same rate to all employers. However, the Trustee promised that, as part of the 2013 valuation, it would consider whether deficit contributions could more accurately reflect the liabilities of each employer.

Having done so, the Trustee and BUGB have agreed that those churches and other employers which only have a short period of participation in the DB plan will pay less than 12%. In particular, the rate for churches and other employers that participated in the DB Plan for less than 1 year will be 6%, and this will increase by 1% for each additional year of participation to the maximum of 12% for churches and other employers with more than 6 years of participation in aggregate.

As promised, the Trustee considered the allocation of deficit contributions carefully, and a wide range of other structures was considered. For every employer which is allowed to pay less, the remaining employers will be required to make up the difference, so this was a difficult balance to strike. The distribution of deficit contributions is a factor of which the Trustee continues to be very conscious, so this will continue to be reviewed at future valuations as we seek to improve the approach to make it fairer whilst still practical to implement.

Deficiency contributions in 2016

Experience over the past few years has highlighted difficulties in explaining adjustments to the deficit contribution rates when a church or other employer changes the number of its employees or there are changes to part-time hours. To simplify matters, the method for calculating deficit contributions for the rest of 2015 and from January 2016 onwards will be based on an employer's position in March 2015.

The monthly deficiency contribution due in 2016 from each church or other employer involved in the DB Plan will be calculated as follows:

2016 monthly contribution =

Contribution due in March 2015 **x** $\dfrac{\text{2016 \% contribution rate}}{\text{11\%}}$ **x** $\dfrac{\text{Minimum Pensionable Income in 2016}}{\text{Minimum Pensionable Income in 2015}}$

where 2016 contribution rate will be 12% for most employers, but range from 6% to 11% for employers with shorter periods of participation, as explained above.

This method of calculating deficiency contributions will NOT affect the calculation of member or employer contributions to the DC Plan, which will continue to be based on each member's actual Pensionable Income.

Financial information

As part of the actuarial valuation process, we undertook a substantial exercise to collect financial information from the churches and other employers who support the Scheme. This exercise was very important in helping the Trustee understand the financial strength of the employers (which the Pensions Regulator requires us to consider) and we would like to thank all of the organisations that responded. We plan to carry out similar exercises on an annual basis in future, and so we would remind all employers participating in the DB Plan that they have a legal obligation, under both pensions law and charity law, to supply their accounts to the Trustee.

OUTSOURCING OF DB PLAN ADMINISTRATION

The Trustee has recently agreed to outsource the day-to-day administration of the DB Plan to a specialist firm.

The Trustee has increasingly recognised that we need to upgrade significantly our administrative capabilities in respect of the Scheme, in response to developments over the last few years, such as the introduction of the Defined Contribution (DC) Plan and the need to analyse liabilities in respect of individual employers. This faced us with a choice between a major investment in new systems and personnel, or outsourcing our pensions administration work.

After careful consideration the Trustee decided that the time was right to outsource these arrangements and to appoint an organisation that specialises in this field. The objectives of this process include enhancing security by computerising our paper records and systems, improving our reporting and analysis capabilities, and providing a flexible and quality service to both employers and members.

Following a competitive tender process, we are pleased to announce that the company we have selected is Lane Clark & Peacock LLP ("LCP"), who also advise the Trustee on actuarial and investment matters.

LCP have taken over from Stuart Glen and Hilary Mason in the Baptist Pensions Office as the first point of contact for day to day queries in relation to the DB Plan for churches and employers, as well as taking over the administration of DB Plan members' records and pensions. Their contact details are on page 16. The Trustee is very grateful indeed for the dedication and hard work of the Baptist Pensions Office staff over the years.

One of the advantages of appointing LCP is that you will be able to benefit from their investment in technology. LCP will be launching a dedicated website later this year to provide you with additional information and to collect data from you.

In the meantime, please provide LCP with an email address at which we can contact your treasurer and/ or secretary. The Trustee, BUGB and LCP are aiming to reduce the amount of paper we use, and the associated costs, when communicating with churches and other employers.

CESSATION EVENTS

Under pensions law, a church or other organisation that is a participating employer under the DB Plan will trigger a "cessation event" if it ceases to have any active members contributing to the DC Plan within the Scheme.

If the DB Plan is in deficit (when measured against a prescribed yardstick) at that time, as it currently is, the participating employer becomes liable for an "employer debt". This means that it has a legal obligation to pay its share of the deficit based on the service of members in the DB Plan with that employer.

The amount of an employer debt depends on that participating employer's history of having members in the old Ministers' Pension Fund, but it will normally be tens or even hundreds of thousands of pounds. Hence, cessation events and their associated employer debts are to be avoided unless the employer is clear that it has the resources to meet the debt and wishes to pay it off.

Many of the participating employers in the DB Plan have only one member, their minister, in the Scheme, so a cessation event can easily arise when a minister moves on from a church, retires, or dies. Fortunately, the law allows a cessation event to be avoided where a church is going into a pastoral vacancy and expects to call another minister, but it is necessary for the church to contact the Pensions Office about this as soon as their minister leaves, preferably in advance of him or her leaving, and no later than two months after leaving.

Unfortunately, it did not become clear that cessation events were being triggered under the old Minister's Pension Fund until a large number had already taken place. After consultation with the Pensions Regulator, the Pension Trustee's current policy is not to pursue the employer debt in those cases where a participating employer has taken on (or is likely to take on) another contributing member of the Scheme. Such employers are required to pay regular deficit contributions as if they had not had a cessation event. However, it should be noted that the Pension Trustee can change this policy at any time.

If you have triggered a cessation event and owe a debt, then we will be in contact with you to give you more information on the process and to tell you the size of the debt.

Where a church or other participating employer is closing, it is essential to contact us (using the contact details below) to check whether a debt is due before any assets are disbursed.

A number of churches and other employers have asked how much their debt would be if they were to withdraw from the Scheme.

The Pension Trustee has been working with its advisers to automate and speed up the process for calculating cessation debts. This work has recently been delayed due to uncertainty in the legal treatment of certain Supplementary Benefits, as described in Pensions News above. This uncertainty has now been resolved, so we expect to be in a position to contact those churches who have requested figures in the next few months.

Important note for organisations considering a change in legal structure

Please be aware that changing the legal structure of a church or other participating employer, for example to a Charitable Incorporated Organisation or through an amalgamation, could potentially trigger a cessation event and give rise to an employer debt. If you are considering such a step, it is imperative that you or your legal adviser consider this at an early stage, as a specific process has to be followed if a cessation event is to be avoided.

If you have any questions on cessation events please contact Mark Hynes, Pensions Manager at: mhynes@baptist.org.uk or Mobile – 07879 690918

CONTACT US

If you have any questions about the Plan or for general information about the Plan then please contact LCP on:

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